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FIGHTING GLOBAL AIDS EPIDEMIC A U.S. FOREIGN-POLICY PRIORITY

Bush economic report examines human, economic impacts of epidemic

President Bush has made fighting the worldwide AIDS epidemic a U.S. foreign-policy priority, taking bold action against the epidemic through his Emergency Plan for AIDS Relief, according to a Bush administration report released February 17.

In the 2005 Economic Report of the President, a section on the global HIV/AIDS epidemic says a comprehensive, integrated approach to prevention, treatment and care is essential to quelling the epidemic. The report provides a general overview of the characteristics and treatment of HIV/AIDS, its economic impact, and efforts to develop new treatments and vaccines.

The president's emergency plan is a five-year, \$15 billion campaign, which aims to bring treatment to 2 million people living with HIV/AIDS by the fifth year of the plan's operation. U.S. Global AIDS Coordinator Randall Tobias announced in January that the program is supporting treatment for 155,000 people in the 15 focus countries suffering most severely from the disease. The plan also commits \$4 billion to HIV/AIDS program in an additional 85 nations and increases the U.S. pledge to the Global Fund to Fight AIDS, Tuberculosis and Malaria by \$1 billion over five years.

The report cites generous international aid and low prices for anti-retroviral treatment regimens as keys to expanding access to HIV/AIDS treatment in poor

countries. Treatment affordability and the lack of health care infrastructure are major concerns, the report says.

“Compassionate pricing policies and aid from developed nations can play an important role in expanding access to treatment,” the report says.

According to the report, drug companies have the ability to practice differential pricing because they can possess intellectual property and patent rights for a particular drug. “The market for AIDS drugs is a case in which differential pricing possibly helps to create societal benefits beyond the profits enjoyed by firms with market power, by allowing countries to pay less for their drugs,” the report states, citing the AIDS drug PLC, which sells for \$18 per day in the United States, but \$9 per day in Uganda.

The report also discusses efforts to encourage innovation toward a vaccine, noting President Bush endorsed at the June 2004 Summit of the Group of Eight nations the establishment of the Global HIV Vaccine Research Enterprise, an initiative to accelerate HIV vaccine development by enhancing global coordination and information sharing.

To view the entire report, see Economic Report of the President:
http://a257.g.akamaitech.net/7/257/2422/17feb20051700/www.gpoaccess.gov/eop/2005/2005_erp.pdf

BUSH TO STRESS U.S.-EUROPEAN PARTNERSHIP DURING UPCOMING VISIT

President's itinerary includes stops in Belgium,
Germany, Slovak Republic
By Tim Receveur
Washington File Staff Writer

Washington -- President Bush will use his first international trip of his second term to reach out to European leaders and institutions in support of a common agenda based on shared values and the shared goals of strengthening freedom, democracy and security throughout the world.

After his re-election November 2, 2004, Bush announced his desire to visit Europe soon after his inauguration to

deepen transatlantic cooperation. He will travel to Belgium, Germany and the Slovak Republic February 21-24.

Secretary of State Condoleezza Rice, during her recent visit to Europe and the Middle East, said that President Bush will “continue the conversation when he arrives in Europe February 21st” about “how America and Europe can use the power of our partnership to advance our ideals worldwide.”

Rice said that everyone to whom she spoke during her trip was ready to start a “new chapter” after the disagreements over Iraq. “Everywhere, people were talking about the way forward. There really wasn’t much discussion of what we’ve been through and [there was] really an acknowledgement that we’ve got a big agenda ahead of us,” Rice said.

That agenda includes issues beyond the transatlantic community such as reform in the Middle East, moving the Israeli-Palestinian issue forward, providing support for Afghanistan, dealing with Iran’s nuclear ambitions and supporting a stable and democratic Iraq, Rice said.

She pointed out that there has been continuing U.S.-European cooperation on issues ranging from the War on Terrorism and security issues such as the Proliferation Security Initiative, “all the way out to issues of poverty alleviation and development, and fighting the scourge of AIDS.”

Rice said that even on Iraq, the United States and Europe understand each other. “We now do have a common agenda,” she said, “and that is that we are facing the fact of an Iraqi people who are taking risks of their own for their democratic future.”

She said she believed the president, during his trip, “will find a very constructive, warm atmosphere, an atmosphere in which everyone is ready to look well beyond any disagreements that we may have had in the past to our common future.”

European Union (EU) foreign policy chief Javier Solana, in a February 15 interview with the Associated Press, said he believes both sides have moved past the divisions over Iraq.

“We are overcoming a period ... linked to Iraq that has had some tension between the Europeans and Americans,” Solana said. “This is over. What we have to do is look to the future.”

President Bush is scheduled to arrive in Brussels, Belgium, on Monday, February 21, where he will host a working dinner for French President Jacques Chirac.

On Tuesday, February 22, Bush will meet with the allied heads of state and government at NATO headquarters.

That same day he will attend the European Council -- the first U.S. president to do so -- where he will meet with the heads of government of all 25 EU members. Bush will also meet with the EU presidency and the European Commission and will meet bilaterally with his Belgian hosts.

On Wednesday, February 23, German Chancellor Gerhard Schroeder will host President Bush in Mainz, Germany.

The next day Bush will participate in a bilateral program with leaders of the Slovak Republic in Bratislava. There he will also meet with Russian President Vladimir Putin.

One issue expected to come up during Bush's trip, particularly during his meetings at the European Union, is the possible lifting of the EU arms embargo on China, which the United States has said would send the "wrong signal" to China about human rights and could also have a negative impact on Asian regional stability.

FIRST MILLENNIUM CHALLENGE PACT EXPECTED SOON, AID OFFICIAL SAYS

More countries to be eligible for aid program, MCC Chief Applegarth adds

The U.S. Millennium Challenge Corporation (MCC) is on target to sign its first compact in late March, says the head of the public corporation managing the program.

MCC chief executive Paul Applegarth, in a February 15 interview with the Washington File, said that the program would be broadened in FY 2006 to include a number of lower-middle-income nations in addition to the poorest countries.

The Millennium Challenge Account is the Bush administration's supplemental foreign aid program that rewards

countries that demonstrate a commitment to govern well, promote economic growth and invest in improving the lives of their people.

Following is a transcript of the interview:

QUESTION: The president's budget request for fiscal year 2006 [beginning October 1] is less than what was planned when the MCA was originally designed. What do you see in terms of MCA budget for the next few years?

APPLEGARTH: The budget request for 2006 is less than what the president originally announced at Monterrey [at the 2002 Financing for Development conference where Bush launched the MCA]. President Bush said he wanted the MCA budget to be \$5 billion per year starting in 2006.

However, the 2006 budget request is for \$3 billion. It will increase to \$5 billion for fiscal year 2007.

The request for \$3 billion for 2006 doesn't reflect any less of a commitment by the administration to foreign assistance or development. In fact, the administration's track record on development is good.

Look at the administration's focus on trade, debt relief, support for the Group of Eight (G8) poverty reduction goals, lowering transaction costs for remittances, and official development assistance (ODA). ODA was set to grow by 50 percent between 2001 and 2006. It actually went up 50 percent by 2003. Since the beginning of this administration, ODA has really seen quite an increase as a percentage of GDP (gross domestic product).

That is a story that really is not well understood. The administration's track record on foreign aid was quite good even before its five-year, \$15 billion HIV/AIDS program began to disburse funds in FY04. The MCC, which will begin to disburse MCA aid funding this year, will be the largest international assistance program of the United States since the Marshall Plan after World War II.

The \$3 billion request must be viewed in the context of the realities of world changes such as the fiscal deficit. Congressional appropriations have been well short of what the administration has been asking for.

Knowing there was no chance of getting \$5 billion for FY06, it was much more courageous for the adminis-

tration to ask for \$3 billion, which is double what we received for FY05 and is more achievable than to ask for an amount no one believed would be appropriated by Congress.

MCC is a new initiative and Congress will naturally want to get comfortable about how money is being spent.

Q: How many countries will be funded in 2006?

A: We now have 17 countries that are eligible for Millennium Challenge Account funding. We have selected 13 others we consider “threshold” countries [those that show promise for becoming eligible for MCA funding].

Between the eligible and threshold countries we have relationships or potential relationships with 30 countries. That’s 400 million people.

To be named an eligible country is not a guarantee of payment. An eligible country still has to present to us a good, solid proposal leading to poverty reduction and growth.

Both the quality of the proposal and the timing are driven by the country.

One of the lessons of development has been that foreign aid alone does not develop a country, although it can help. What develops a country is if the country’s leadership takes ownership and puts in place policies that promote development that not only attract foreign aid, but also repatriated capital and new foreign investment and that free up entrepreneurs and the political system.

Countries compete for being named eligible for funding. If a country is named eligible it is up to it to consult broadly within the country as to what its priorities should be and put together a detailed plan describing the results it want to achieve.

We received our first proposal in mid-August 2004. By the end of November we received proposals from 15 of the original 16 eligible countries. Some of the proposals are quite good and are moving along well.

The idea is for a country to present a well-defined proposal with a goal for clear results, an implementation plan, and an established baseline so we can see that we are having an impact on poverty reduction while addressing some of the [U.S.] legislative requirements. We’re

supposed to show the impact of MCA on the status of women and children. To put these basics in place takes some time.

We are reviewing our first compact now. I hope we will go with it to the [MCC] board [for approval] in mid-March. If the board approves it then we have a Congressional notification period. After that we hope to sign our first compact in late March or early April.

We will continue to look throughout this year at proposals from the first 16 countries. Last November, we named Morocco as a 17th eligible country for 2005. We haven’t yet received a proposal from Morocco.

It is unlikely we would complete compacts with all 17 countries in 2006 and in some cases we may never complete one.

Q: Will new eligible countries be named this year?

A: Yes. We do expect to name newly eligible countries.

Up to now we’ve targeted the very poorest countries of the world.

There is a major change for 2006. A basket [of funding] now has been set aside for lower- and middle-income countries.

For 2005 we ranked roughly 82 countries [against eligibility criteria, published on MCC’s web site, <http://www.mcc.gov/>].

With the addition of lower- and middle-income countries the number we would rank will be roughly 120.

Although we have not yet disbursed money, anecdotal evidence points to a strong MCA role in policy reform. Ten or 12 countries have been improving their performance according to the indicators.

Getting the \$3 billion [in 2006 funding] is important. When we enter into a compact it is for 3-5 years. So it’s not about how much we can disburse in a year. It’s about how many resources we have on hand to develop a program with a country to be implemented over a 3-5 year period.

Cuts [by Congress in MCC program funding would] have quite a significant effect over several years in the

number of countries we can work with.

Q: Is there a maximum amount a country can receive?

A: We deliberately haven't [had predetermined award ceilings] because we want to evaluate proposals in terms of how good they are.

If you allocate before you know how good a proposal is you are doing it backwards. We'd rather evaluate proposals and know whether we are likely to get the highest economic return for the U.S. taxpayer money we're investing.

If a smaller country puts in a good proposal that is very high in its impact on poverty reduction and promotes sustainable growth we're going to tilt toward that proposal.

Q: How important is it for countries to adhere to MCC guidelines? You've mentioned in the past that there is some flexibility in how countries are evaluated.

A: There are two parts to the selection process. First, there are the eligibility criteria. It is important that countries pay attention to these because they have been shown to lead to poverty reduction and growth. If there is a corrupt government, the country doesn't work very well and will not prosper. That is our most important indicator. The other indicators are also linked to poverty reduction.

We consciously chose the term "guidelines" for developing proposals. We don't have forms. We don't want to impose a particular system, or mechanism, that may not be in line with individual country cultures or that gets in the way of country ownership and gives an excuse that if something doesn't work a country can blame us.

If a country has presented a good proposal leading to poverty reduction and growth, has consulted broadly, has agreed with us on a set of benchmarks and measures, has presented a good implementation plan that satisfies our standards and hopefully their standards in terms of transparency and financial controls and future responsibility, there is a good chance it will be funded.

Q: You recently traveled to some of the eligible countries for consultations and you plan to travel to more countries this year. What have you learned from the consultations?

A: We're finding that if you give countries true respon-

sibility and an opportunity like this they feel empowered and will find all sorts of ways to make the MCA process work and work well.

We have seen prime ministers and presidents of countries take ownership of this process and being excited about putting it in place.

A couple of stories: The head of one country's MCA "technical team" essentially worked five months without pay because he thought the effort was so important. A senior team member from another country has a job in London but flies back to his home country every week to try to help move the process along.

Another example I thought was quite compelling. In one country we hosted a lunch for the country's leadership team. The MCC team leader wanted to show his country was an equal partner and paid for a second lunch from his personal funds, even though he's not a wealthy person.

There are always little stories of people stepping up to take ownership and run aggressively ahead to put their country's plans together.

The quality of the MCA technical teams in many countries -- the young professionals coming in to help develop proposals -- is very high. I'm not surprised by the level of commitment, but it is quite gratifying to see it.

U.S. THREATENED BY "FAILED STATES," USAID'S NATSIOS SAYS

Official outlines U.S. development strategy for helping failed states

By Kathryn McConnell
Washington File Staff Writer

Washington -- The United States is threatened more by "failed, failing and recovering states" than by "conquering states," says Andrew Natsios, administrator of the U.S. Agency for International Development (USAID).

"There is perhaps no more urgent matter" facing U.S. development efforts, according to a new USAID report outlining the agency's failed states strategy.

The strategy is part of the overall U.S. national security strategy, Natsios said.

Natsios presented the report February 16 to the Advisory Committee on Voluntary Foreign Aid meeting in Washington. The committee, which links the U.S. government and private voluntary organizations active in international humanitarian assistance and development, meets three times a year.

“The world has changed and we need to change with it,” Natsios said.

Ignoring failed and failing states “can pose great risks, including the likelihood of terrorism taking root,” the report says.

Of particular concern are economic instability, food insecurity and violent conflict -- usual symptoms of government failure in failed states, it says.

“The most significant shortfall in meeting the widely supported Millennium Development Goals of the [United Nations] Millennium Declaration will likely be in fragile states,” according to the report.

Weak, inefficient and illegitimate governments are “at the heart” of fragile countries, Natsios said.

USAID has responded to the reality of failed states by creating a new office of conflict mitigation, the administrator said.

Using a new “fragility framework,” the office will provide USAID with more analysis of democracy and governance development efforts and of countries’ ability to deal with conflict, in order to identify fragile states, the report says.

Areas to be analyzed for effectiveness and legitimacy will include military and police services, political and financial institutions, and the provision of basic services, it says.

The office will work closely with the State Department’s new Office of the Coordinator for Reconstruction and Stabilization, Natsios said.

An effective response to the challenge of failed states will also require close cooperation between U.S. agencies and the nonprofit sector, he said.

Natsios added that the Bush administration is asking Congress for more flexibility than it now has to program USAID funds to best target assistance to crisis and crisis-prone countries, he said.

On a related topic, Natsios said the Bush administration in its fiscal year 2006 budget proposal to Congress is seeking approval to buy more food aid from producers located near food crisis areas.

Such flexibility would drastically reduce the amount of aid funds now required to transport food that is mostly grown by U.S. farmers to where it is needed, he said.

The administrator said that because USAID is not allowed to purchase more food from local producers in response to food shortages in Afghanistan, many of that country’s farmers have given up trying to grow wheat and have returned to growing higher-income-generating poppies for opium.

Natsios also spoke about the need to boost USAID’s outreach to the U.S. military to best coordinate humanitarian aid and reconstruction efforts.

More information about USAID’s Conflict Mitigation and Management Office is available online at: http://www.usaid.gov/our_work/cross-cutting_programs/conflict

UNITED STATES PROVIDES SKILLS TRAINING TO MIDDLE EAST WOMEN

Fact sheet outlines U.S. programs to support women in the region

Following is a fact sheet outlining U.S. government programs designed to provide political, legal and entrepreneurial training for women in the Middle East:

U.S. Department of State
Office of the Senior Coordinator for International Women’s Issues
February 17, 2005

U.S. Commitment to Women in the Middle East

“Just as our own democratic paths have not always been smooth, we realize that democratic reform in the Middle

East will be difficult and uneven. Freedom by its very nature must be homegrown. It must be chosen. It cannot be given and it certainly cannot be imposed.” Secretary of State Condoleezza Rice, February 8, 2005.

As part of the United States’ strong commitment to advance freedom in the Arab world, President Bush, in December 2002, launched the Middle East Partnership Initiative (MEPI). MEPI recognizes women’s issues as one of four key pillars integral to reform in the region along with political, educational, and economic advancements. Of the \$129 million that the United States has committed to MEPI, \$9 million has been dedicated to the Women’s Pillar thus far. Women are also full beneficiaries of programs in the other three MEPI pillars. The projects listed below are representative of MEPI programs for women. More information is available in the Women’s Pillar section of the MEPI Web site: <<http://mepi.state.gov/c10127.htm>>.

Political Participation and Civil Society

Regional Campaign Schools. The United States is helping to create campaign schools that will provide leadership and organizational training for women seeking elective office. The International Republican Institute and the National Democratic Institute, with MEPI support, conducted the first of these political skills training courses, for more than 50 women from Bahrain, Kuwait, Oman, Qatar, United Arab Emirates, and Yemen in Doha in February 2004. The Partners in Participation program, of which the Doha school was the first event, hosted a second event in Morocco in July, and will host a third school in the region in the coming months.

Arab Women’s Forum. The Egyptian Center for Women’s Rights (ECWR) organized the first annual Arab Women’s Forum in Cairo in May 2003 to discuss how to overcome obstacles faced by Arab women. MEPI is providing follow-up funding to ECWR to conduct subsequent training and activities with women’s non-governmental organizations (NGOs) from across the region.

Empowering Women’s Organizations in Jordan and Egypt. Two NGOs -- the American Near East Refugee Aid and the General Union of Voluntary Societies of Jordan -- will work together to improve the capacity of small- to medium-sized women’s community-based organizations to participate effectively in political dialogue and democratic reform. The Center for Development and Population Activity will conduct a similar program for grassroots women’s organizations in four governorates in

Egypt, working in partnership with the National Council of Women.

Tribal Areas Local Council Pilot Program in Yemen. NGOs are helping to develop democratically run local councils in tribal areas. The program also will help women to participate in Yemeni political life.

International Exchanges. Under the State Department’s International Visitor (IV) Program, hundreds of women, including NGO leaders, journalists, teachers, and government officials have traveled to the United States to participate in international exchanges. Programs have addressed a wide range of issues, such as NGO management, the role of legislators, the judiciary, and the rule of law. Programs such as Women in Business and the Professions and The Role of Women in Social and Political Affairs are designed exclusively for women.

Survey of Women’s Freedom. The Freedom House Rights Consortium, on behalf of the United States, is conducting a comprehensive survey of the status of women’s freedom throughout the Middle East, to be published in December 2005. More information is available on the Freedom House Web site: <http://www.freedom-house.org/research/specreport.htm> <<http://www.freedom-house.org/research/specreport.htm>>.

Women and the Law

Arab Women and the Law Workshop. MEPI and the Government of Jordan hosted a workshop in Amman on women and law in February 2004. Nearly 90 women from 16 countries in the Middle East and North Africa region gathered to discuss key issues affecting women in the legal profession and to develop plans for future collaboration. At the end of the conference, MEPI announced it would support two follow-up activities: the establishment of a regional association for women in the legal profession and a public legal education campaign on women’s rights and equality. These activities are part of a 2-year, \$6.5-million joint program on the Rule of Law and Women and the Law to be implemented by the American Bar Association. More information is available on the Arab Judicial Forum Web site: <<http://www.arabjudicialforum.org/>>.

Women’s Legal Rights in Morocco. With MEPI support, NGOs are providing training to strengthen advocacy skills, develop institutional capacity, enhance legal literacy, and build outreach among organizations in different

communities in Morocco, with a particular focus on the new family code, the Moudawana.

Economic Opportunities for Women

Business Internship Program for Young Middle Eastern Women. In early August 2004, 42 women from the Middle East arrived in the U.S. to begin the first business internship program. MEPI, in partnership with the Department's Bureau of Educational and Cultural Affairs (ECA), has arranged for these young professionals to attend a month-long academic program at Duke University and Emory University and to have 3-month internships at Fortune 500 companies, law firms, and small- and medium-size companies. The program is designed to provide these young professionals the opportunity to acquire management and business skills and to learn more about the United States. For more information, please see the fact sheet, *A U.S. Business Internship for Young Arab Women*.

Middle East Entrepreneur Training (MEET). This program promotes entrepreneurship and small business development in the Middle East and North Africa. Women from the region comprised a third to nearly half of participants in a MEET-U.S. program focusing on business ownership, management skills building, capital and human resource development, and strategic planning held in December 2004 and January 2005. In June 2003, the program trained women entrepreneurs and small business owners. In September 2003, men and women in hospital administration participated. Future projects include a conference for women business leaders and the development of an alumnae network.

Educational and Women's Awareness Programs

Girls' Scholarships in Morocco. MEPI funding to *Comite de Soutien a la Scolarisation des Filles (CSSF)*, or the Rural Girls' Educational Support Committee, is supporting 100 girls financially for 3 years to see them through middle school. CSSF and Moroccan NGOs will establish five new homes to ensure that the girls have safe and culturally acceptable living quarters near their school. This program is being extended to support another 100 girls in 2004.

Women's Functional Literacy. CARE Yemen will work with local communities to develop functional literacy programs designed to help women in agricultural production, savings and loan clubs, environmental management, maternal and child health (including HIV/AIDS

awareness), political participation, and women's rights. Helen Keller International has provided literacy training to 20,000 women in the south of Morocco. MEPI also will support a \$2-million program to develop materials to raise awareness of the new family code in Morocco (Moudawana).

Showcasing Women Through the Media. MEPI will fund the production and distribution of videos showcasing how women across the region have overcome societal barriers and how their communities as a whole have benefited, as a way to encourage other young Arab girls and women to follow suit. Video interviews will be collected from throughout the Middle East and distributed initially in Jordan through the Jordan Education Initiative, as well as through regional TV stations.

Outreach to Saudi Women. The State Department has offered extensive teacher training for Saudi women over the past several years, and has conducted six IV programs with components on the topic of women as leaders in the public and private sectors. The U.S. Embassy in Riyadh has also undertaken pro-active targeted outreach to women journalists and has developed a very close working relationship with two private women's colleges in Jeddah, one of which has also received MEPI support. In addition, 50% of the U.S. funded ACCESS English-language micro-scholarships (for relatively disadvantaged youth) are given to girls.

Partnerships With Other Programs

There are numerous joint programs through which the United States and MEPI partners support women throughout the Middle East. Some examples include:

Political Training. In Kuwait, the U.S.-Middle East Democracy Fund is sponsoring a program to train women activists to develop strategies for obtaining political rights for women, including the right to vote and run for elected office.

Media Training. Internews, an international NGO, provided 40 Jordanian, Palestinian, and Saudi journalists lessons in accuracy, objectivity, and balanced reporting. MEPI is also planning to work with Arab women news commentators and journalists to develop programs and productions to highlight women's issues and history.

Health Care. The Forty-Day Program provides postpartum care to mothers and infants in Tunisia, Jordan, and the West Bank. Safe Motherhood and Child Survival

programs provide antenatal and postpartum care, safe delivery, and treatment of obstetric complications to women in Egypt, Yemen, Jordan, and Morocco.

Microcredit Programs. Since 1996, the United States has given more than 34,000 micro-credit loans worth more than \$13 million to Palestinian women entrepreneurs. These programs have helped thousands of women to build sustainable businesses.

Pleases Note: Most texts and transcript mentioned in the U.S. Mission Daily Bulletin are available via our homepage: www.usmission.ch

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